

STATE OF MARYLAND

DEPARTMENT OF BUDGET AND MANAGEMENT

DIVISION (AGENCY): CENTRAL COLLECTION UNIT

ADDRESS: 300 West Preston Street, Room 503
Baltimore, MD 21201

ISSUE DATE: November 10, 2003

SOLICITATION NO: F10R4200080

INVITATION FOR BIDS **Statewide Debt Collection Services**

Bidders are invited to submit bids in conformance with the requirements established by the specifications herein:

PART I – BID INFORMATION

1.1 Subject of Bid

This Invitation for Bids (IFB) invites individuals or firms to submit bids to the Maryland Department of Budget and Management/Central Collection Unit (DBM/CCU), a principal department of the State of Maryland (State), substantiating in detail their qualifications and capabilities to perform collection services on primary assignments of delinquent debts owed to the State for a term of three years, plus option years, if exercised. The collection agency must provide national coverage and have at least one collection office located within ~~30 miles of the Baltimore Metro Region~~ the State of Maryland which will serve as the primary office for purposes of this contract.

1.2 Term

The initial term of the contract will be for three years, from May 1, 2004 to April 30, 2007. The State, at its sole option, has the unilateral right to extend the term of the Contract for up to two additional, successive one-year calendar year terms.

1.3 Issuing Officer and Procurement Officer

The sole points of contact in the State for the purpose of this IFB are the Procurement Officer and the Issuing Officer as follows:

Issuing Officer

Name: Henry J. Raymond

Title: Director, Central Collection Unit

Agency: Department of Budget and Management
Location: 300 West Preston Street, Room 503
Baltimore, MD 21201
Telephone: (410) 767-1204

Procurement Officer

Name: Janice Montague
Title: Procurement Officer
Agency: Department of Budget and Management
Location: 45 Calvert Street, 1st Floor
Annapolis, MD 21401-1907
Telephone: (410) 260-7109

E-mail: jmontague@dbm.state.md.us

All bids must be sent to the Issuing Officer, Henry Raymond, at his Baltimore address provided above. DO NOT send your bid to the Procurement Officer. Bids sent to the wrong address will not be accepted.

1.4 Pre-Bid Conference

A pre-bid conference will be held on Monday, November 24, 2003 at 10:00am. While attendance at the pre-proposal conference is not mandatory, information discussed or distributed may be beneficial to the offeror.

The location for the pre-bid conference is:

Room L-3
201 West Preston Street
Baltimore, Maryland 21201

1.5 Questions

a. All communications regarding this solicitation are to be made solely through the Procurement Officer.

b. All questions, either verbal or written, should be submitted in a timely manner. In the case of questions not received in a timely manner, the Procurement Officer shall, based on the availability of her time to research and communicate an answer, decide whether she can answer an untimely submitted question before the proposal due date.

c. A summary of both questions and answers will be sent to all prospective bidders who were sent or who obtained this IFB through DBM/CCU or who are known to the Procurement Officer to have obtained the bidding documents. Anyone receiving this IFB from a source other than DBM/CCU should promptly notify the Procurement Officer. Questions should be directed to the Procurement Officer.

1.6 Submission Deadline

The bid documents as required under Part IV of this Invitation for bids are to be submitted in a sealed envelope captioned “**DBM IFB# F10R4200080, COLLECTION SERVICES – BID ENCLOSED**”. This submission must be received by the Issuing Officer by 12 Noon local Maryland time on ~~Thursday~~, Wednesday, December ~~17~~, 14, 2003. Requests for extensions of this date or time will not be granted. Except as permitted by COMAR 21.05.02.10, any late bid, late request for modification, or late request for withdrawal will not be considered. It is recommended that bids be hand delivered to the Issuing Officer. Bidders mailing their bids should allow sufficient mail and internal delivery time to ensure receipt of their bids at the Issuing Office prior to the established closing date and time. Bids may not be submitted via **facsimile or e-mail transmission**.

1.7 Preparation of Bid Price Form

Do not alter or change any wording on the Bid Price Form (Attachment E). The original and one (1) copy of the Bid Price Form shall be submitted. Bids shall be typewritten or written legibly in ink. All erasures shall be initialed in ink by the signer. All bids shall be signed in ink by a person authorized to bind the bidder.

1.8 Preparation of Contract

All prospective bidders shall return a signed, filled out copy of the Contract (Attachment A) with their bid. Any bid returned without a signed, filled out contract shall be deemed to be non-responsive.

1.9 Incurred Expenses

DBM/CCU and the State are not responsible for any expenses which may be incurred by bidders in preparing and submitting bids in response to this IFB.

1.10 Duration of Bids

Bid prices are irrevocable for a period of ninety (90) days following bid opening.

1.11 Bidder's Affidavits

Each bidder shall complete and submit with the bid, an original and one (1) copy of signed BID/Proposal Affidavit (Attachment B) and an original and one (1) copy of the Contract Affidavit (Attachment C). See paragraph 4.1. for additional bid submission requirements.

1.12 Minority Business Enterprise Notification

Minority business enterprises are encouraged to respond to this solicitation notice. Minority business enterprise vendors are encouraged to obtain certification from the Maryland Department of Transportation. All questions related to certification should be directed to:

MD Department of Transportation
Office of Minority Business Enterprise
P.O. Box 8755
Baltimore/Washington International Airport
Baltimore, MD 21240-0755
Telephone: (410) 865-1244

If the bidder is a certified minority contractor, the certification number should be entered on the bid price form.

A minority business enterprise subcontractor participation goal of 20% has been established for this solicitation. There are no sub-goals established in connection with the overall goal. The contractor shall structure its awards of subcontracts under the contract in a good faith effort to achieve the 20% goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are specified in Attachment D of this RFP.

A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, P. O. Box 8755, B.W.I. Airport, Maryland 21240-0755. The phone number is 410-865-1244. The directory is also available at <http://www.mdot.state.md.us>. Select the MBE Program label. The most current and up-to-date information on MBEs is available via the web site.

1.13 Procurement Regulations

This IFB and any contract entered into as a result thereof, shall be governed by the State Procurement Law, codified in the State Finance and Procurement Article of the Annotated Code of Maryland and in COMAR, Title 21, as amended.

1.14 Revisions to IFB

If it becomes necessary to revise any part of this Invitation for Bids, amendments will be provided to all prospective bidders that were sent this Invitation for Bids or otherwise are known by the Procurement Officer to have obtained this IFB. Acknowledgement of the receipt of all amendments to the IFB must accompany the bidder's bid. Failure to acknowledge receipt does not relieve the bidder from complying with all terms of any such amendment.

1.15 Cancellation of IFB; Rejection of All Bids

DBM/CCU reserves the right to cancel this IFB in whole or in part or may reject all bids or may accept or reject, in whole or in part, any bid submitted in response whenever this action is determined to be fiscally advantageous to the State or otherwise in its best interests.

1.16 Acceptance of Terms and Conditions

By submitting a bid in response to this IFB, the bidder shall be deemed to have accepted the terms and conditions set forth in the IFB and in the contract form included as Attachment A of this IFB.

1.17 Access to Public Information Act Notice

A bidder should give specific attention to the identification of those portions of its bid submissions that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, State Government Article, Title 10, Subtitle 6, Annotated Code of Maryland.

1.18 Compliance With Law/Arrearages

By submitting a bid in response to this IFB, the bidder, if selected for award, agrees that it will comply with all Federal, State and Local laws applicable to its activities and obligations under the contract.

By submitting a bid in response to this IFB, the bidder shall be deemed to represent that it is not in arrears in the payment of any obligations due and owing the State of Maryland or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and if selected for award, that it shall not become so in arrears during the term of the contract.

1.19 Multiple or Alternate Bids

Multiple or Alternate Bids will not be accepted.

1.20 Assignment

The contractor is prohibited from subcontracting, assigning, transferring, conveying, subletting, or otherwise disposing of its rights, title or interest under this agreement to any other person, company or corporation without the previous consent and approval in writing by the CCU.

1.21 False Statements

Offerors are advised that Section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

a. In connection with a procurement contract a person may not willfully:

- (1) falsify, conceal, or suppress a material fact by any scheme or device;
- (2) make a false or fraudulent statement or representation of a material fact; or
- (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.

b. A person may not aid or conspire with another person to commit an act under subsection (a) of this section.

c. A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

1.22 Site Survey

An office of the Contractor must be located in Maryland. All bidders' Maryland offices are subject to site survey by the Procurement Officer or her designee. Arrangements will be made prior to final award.

PART II – SCOPE OF SERVICES

2.1 Background Information

The Central Collection Unit (CCU) is responsible for the collection of all delinquent debt, claims and accounts due to the State other than the majority of taxes owed the State, child support, and certain other debts listed by statute. Typical debts are college tuition and fees, a small number of student loans, public assistance and food stamp overpayments, Parole and Probation restitution accounts, reimbursement for vehicular damage to State property, bounced checks, reimbursement for care at a State hospital, unpaid workers' compensation insurance premiums, Home Improvement Commission awards, environmental fines, etc. During the past four years, CCU has annually received an average of 163,150 new debts with an average dollar value of \$203.6 million. See Attachment ~~H~~^F for a Description of the Debts Frequently Sent to CCU. Due to the large volume of debt referrals, approximately 40,000 debts per year with a dollar value of \$36.1 million are referred to an outside collection agency for primary referral collection service. Accounts referred include an average of 87% in-state accounts and 13% out-of-state accounts. Debts are normally referred after six months of unsuccessful collection efforts by CCU. Debts are referred monthly by electronic media. The primary outside collection agency is authorized to make collection efforts for six months before returning uncollected accounts by electronic media to CCU. The current vendor's recovery rate has been approximately 2.0% of the total debts assigned over the last three years. The current vendor is paid 10.0% of amounts collected.

2.2 Collection Procedures

The Contractor will implement thorough collection procedures and attempt to achieve maximum recovery from debtors. These procedures will include a reasonable number of telephone calls on debt amounts of \$100 or more, direct mailing efforts, and skip tracing procedures when necessary. The Contractor must have the ability to collect retail/individual debts (approximately 82% of referrals), commercial/business debts (approximately 10% of referrals), and insurance debts (approximately 8% of referrals).

2.3 Litigation

Only the Maryland Attorney General's Office is authorized to file suit on behalf of the State. Whenever the Contractor feels that normal collection procedures will not produce the desired results, and has determined that litigation is necessary to resolve the account, a recommendation to initiate legal action should be forwarded to the CCU. The Contractor will return those accounts requiring litigation to CCU. Once judgment is obtained, this account may be returned to the Contractor for collection efforts.

2.4 Remitting Collections

~~Office in Maryland~~—The Contractor must deposit remittances daily to a bank account in Maryland designated by the Central Collection Unit and in the name of Central Collection Unit. The Contractor must forward to Central Collection Unit a copy of the bank deposit slip and a

transmittal form itemized by debtor's name, account number and amount. The bank deposit amount and transmittal amount must agree.

~~For Office Outside of Maryland—The Contractor shall submit weekly to the Central Collection Unit all gross payments received. Payment to the Central Collection Unit shall be made by the Contractor or its affiliate via checks payable to the Central Collection Unit in the amount of the total weekly remittance, such check to be accompanied by a weekly remittance statement that shall itemize such remittances by debtor's name, CCU account number, amount, returned checks, any account correction or adjustment, and such further information as CCU may request. The total balance of the weekly remittance statement must agree in every respect with the total of the check issued by the Contractor to the CCU. Alternatively, an out of state Contractor, who utilizes Bank of America, can deposit remittances daily to the State of Maryland's account.~~

2.5 State Offset Payments

The CCU will notify the Contractor of all offset payments including interception of the debtor's Maryland income tax refund; offset of the debt against a State employee's salary; offset of a payment to debtor/vendor doing business with the State; interception of the debtor's Federal income tax refund (where permitted); and any other offsets permitted by law. **Commission will not be paid on offset payments.** Instructions relating to invoicing/crediting direct payments will be formulated with the Contractor.

2.6 Computer Capability

A bidder must have computer facilities capable of providing the following services:

- a. Accepting, processing, reporting, and returning accounts in an electronic media format provided by the State;
- b. Canceling accounts by electronic media;
- c. Accepting adjustments to accounts by electronic media; and
- d. Charging interest on accounts on a timely basis required.

2.7 Compromise Settlements

Contractor shall not accept any compromise payments without approval of the CCU. The Contractor shall furnish CCU with any proposal for a compromise settlement, a review of the relevant facts and the Contractor's recommendations.

2.8 Cancellation and Abatement of Accounts

Upon cancellation of an account, or when the account is considered uncollectible, the account shall be returned to the CCU together with an explanation for cancellation by the Contractor, and a recommendation as to whether the account should or should not be abated by the CCU. The Contractor has no authority to abate any claim or account, and shall receive no compensation for uncollected accounts.

2.9 Suspension of Collection Effort

Contractor agrees to suspend action on any individual account referred for collection upon notification by the CCU. At the request of the CCU, the Contractor shall return to the CCU

the account on which collection effort has been suspended. In such cases, this action will not nullify commissions due the Contractor as a result of collection activity before suspension.

2.10 Reports

The Contractor shall furnish the CCU with, at a minimum, the following:

- a. A letter of confirmation acknowledging the receipt of accounts, debtor's name, CCU account number, and account balances assigned with each placement, must be received by CCU within 15 days of receiving the accounts from CCU.
- b. A monthly inventory of referred accounts indicating debtor's name, CCU account number, date account was placed, original balance referred, date and amount of payments received during the period, current balance and account status. The report must be received by CCU not later than 15 days after the month end.
- c. A performance analysis (due to CCU not later than 15 days after month end) by debt type of referred accounts indicating:
 1. The total number and aggregate value of accounts placed for the month;
 2. the total number and aggregate value of accounts placed during the contract period to date;
 3. the gross collections for each placement, for the month and on a cumulative basis;
 4. the total number and aggregate value of cancelled and returned accounts for each placement, for the month and on a cumulative basis; and
 5. the total number and aggregate uncollected value of the current inventory of accounts for each placement.
- d. A final report summary upon completion of the contract shall include all assigned accounts, indicating the debtor's name, CCU account number, date assigned, balance outstanding, and status of account.

2.11 Record Inspection

Contractor shall maintain for all accounts, ledger records that reflect the original balance, additional charges, collection and commission. The State and/or the CCU shall have the right to inspect such records without notice at any time. The CCU also reserves the right to confirm the accuracy of all payment information furnished by the debtor directly.

Contractor must also make available for review by the CCU all records/notes detailing efforts made on an account.

PART III – MINIMUM QUALIFICATIONS

Bidders must complete a Minimum Qualifications Document (Attachment F) to verify that the following minimum qualifications are met. The Procurement Officer, on behalf of the Department and in the exercise of her discretion, may or may not contact one or more of any cited references, and in addition, may contact any other reference of her choosing.

3.1 Experience

Bidders must demonstrate that they have three (3) years minimum experience in the collection of debts similar to those described in Part 2.1.

3.2 References

Bidders must provide a minimum of two (2) references of work performed of a similar nature as requested in this IFB.

References must be from a business or governmental organization that referred 5,000 or more accounts to the Contractor per year.

3.3 Scope of Services

Bidder must positively reply to the Scope of Services items on the Minimum Qualifications Document (Attachment F).

3.4 Maryland State Office and Licensing

The contractor's ~~primary office~~ **must maintain an office located in Maryland from which services will be rendered** ~~(office in Maryland from which services will be rendered)~~ ~~must be located within 30 miles of the Baltimore Metro Region.~~ The CCU reserves the right to approve/deny any changes to the primary office location during the term of the contract. The bidder's proposal must identify the address of the bidder's principal (corporate) office and identify the address of the Maryland (primary) office, as required in their response to Attachment F, No. 12. The bidder must be licensed in Maryland as a collection agency.

3.5 Defalcation Bond

The successful bidder will be required to maintain in full force and effect, during the contract term and any period thereafter during which the Contractor has in its possession any accounts forwarded to it by the CCU, a blanket bond in an amount of not less than \$200,000. The bond must be executed by a surety authorized to do business in the state of Maryland and must protect the State and the CCU against any loss through failure by the Contractor or any of its employees to reimburse the CCU its share of monies collected. If any accounts are forwarded to a subsidiary, the subsidiary will also be required to comply independently with this bonding requirement.

The bond must be approved by the Office of the Attorney General prior to award of the contract. A sample bond is attached (Attachment G).

3.6 Financial Statement

The bidder must submit its most recent audited financial statements including a balance sheet and profit and loss statement. The financial statements must be audited by an independent certified public accountant and must include all notes to the statements. The audit report must express an opinion as to whether the balance sheet presents fairly the financial position of the bidder. An audit report containing a disclaimer of opinion on the balance sheet does not satisfy the requirement of this section. Management letter comments regarding the Adequacy of Internal Controls must be submitted along with the financial statements.

PART IV – BID SUBMISSION

4.1 Bid Format

An original and one (1) copy of the following must be included in the bidder's bid submission.

- a. Minimum Qualification Document (Attachment F).
- b. Bid Price Form (Attachment E).
- c. Bid/Proposal Affidavit (Attachment B).
- d. A filled-out and signed Contract (Attachment A).
- e. Contract Affidavit (Attachment C).
- f. Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1).

Bids submitted without all of the documents listed above will be deemed non-responsive.

PART V – BID EVALUATION AND AWARD

5.1 Bid Opening

Bids shall be opened on ~~Thursday~~, ~~Wednesday~~ December 14~~7~~, 2003 at 1:00 PM local time at the Central Collection Unit, 300 West Preston Street, Room 503, Baltimore, MD 21201.

Award of the contract will be to the responsive and responsible bidder who has met the minimum qualifications outlined in PART III of this IFB and submits the lowest ~~percentage~~ commission rate.

5.2 Payment to the Contractor

The Contractor will be paid on the basis of the agreed percentage rate for all monies collected (whether principal, interest, or collection charges) on referred accounts. This will be the sole consideration paid to the Contractor, and the State will not reimburse the Contractor, other than as part of this compensation, for the costs or expenses paid or incurred. Only one percentage rate can be submitted for the contract. If the State exercises any of the options, payment during the option period will be the same as for the 3-year base contract.

The CCU will pay invoices of the Contractor within thirty (30) days of receipt.

5.3 Reciprocal Preference

Although Maryland law does not authorize procuring agencies to favor resident bidders in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible bidder whose headquarters, principal base of operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.